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# ITALY.

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## Industrial and Financial Development.

*By*

H. E. FENCHELLE.

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Price ONE SHILLING, net.

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LONDON :

EFFINGHAM WILSON, 54, Threadneedle Street E.C.

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A FEW days after the accession of the present King of Italy he is reported to have said to Signor Crispi: "Italy is at a serious turning-point in her history. She is eaten up with politics: she must absolutely direct her energies towards the development of her economic resources. Her industries will save her by improving her financial position and employing all the hands at present lying idle. . . . I shall practise what I preach by scrupulously following my trade as King by encouraging the social and economic evolution of the country."

The 16 years that have elapsed since then has been a period of steady but certain expansion in every department of Italy's activity.

The Government has helped generously. It has nationalised the whole of the railways, heavily subsidised new railway enterprise, built new lines of communication and electrified many of the existing railway systems, It has helped agriculture by allowing the sugar industry to become a firm and well-established national enterprise.

It has reclaimed thousands and thousands of acres of marsh and bog lands, which are now prosperous colonies of agricultural labourers. By husbanding all her resources and cutting down unnecessary expenses, and refraining from excessive expenditure on army and navy, Italy has managed to regenerate the whole of her financial system with a rapidity which must fill us with a sense of admiration for the directing powers of the kingdom. The results are best summed up by the following table:—

YEARS.		Receipts.	Expenses.	Surplus.	Deficits.
		(In millions of lire.)			
1896-1897	....	1,615	1,624	—	9
1897-1898	....	1,627	1,620	7	—
1898-1899	....	1,659	1,645	14	—
1899-1900	....	1,672	1,654	18	—
1900-1901	....	1,721	1,671	50	—
1901-1902	....	1,743	1,697	46	—
1902-1903	....	1,795	1,713	82	—
1903-1904	....	1,786	1,740	46	—
1904-1905	....	1,843	1,780	63	—
1905-1906	....	1,946	1,875	71	—
1906-1907	....	1,955	1,863	92	—
1907-1908	....	1,946	1,894	52	—
1908-1909	....	2,134	2,107	27	—
1909-1910	....	2,245	2,223	22	—
1910-1911	....	2,322	2,290	32	—
1911-1912	....	2,493	2,389	104	—
1912-1913	....	2,586	2,570	16	—
1913-1914	....	2,593	2,557	36	—



Here it must be observed that during the year 1911-1912 Italy was at war, and had to meet heavy additional expenditure, yet the budget surplus showed the phenomenal sum of £4,000,000 odd. The revenue rose from 1,691,000,000 lire in 1892 to 2,888,000,000 lire in 1912.

A rapid sketch of the enormous development of Italy should help to open the eyes of English finance to the great possibilities which a prosperous Italy offers to English capital. Twenty years ago the Italian 5 per cent. Consols were quoted at 73, being 27 points below par. On 31st December, 1912, these Consols, reduced to  $3\frac{1}{2}$  per cent., were quoted at 99·80. Nothing demonstrates in a surer way the great progress and regeneration that has been going on in Italy during the last ten years. A sane policy in foreign and home politics, a well-considered scheme of colonial expansion, consolidating the kingdom, assiduous work in developing the home resources of the country, and a diligent check on the necessary expenditure have accomplished wonders for Italy.

A very comprehensive résumé of Italian progress during the last 30 years has been compiled by Signor Ernesto Nathan, formerly Mayor of Rome, a Londoner by birth but a naturalized Italian and one of the most prominent among the progressives. It forms one of a series of articles on the Trade of the World in the *Century Magazine* of New York, and coming from the pen of so high an authority is convincing proof of Italy's regeneration. He begins by describing Italy as "a long and lean peninsula," with many natural disadvantages,

yet he goes on to show that the population has grown since 1822, from 28,000,000 to 35,000,000, that the budget deficiencies have disappeared and that Government securities stand high. Here are some extracts from Signor Nathan's article:—

“We Italians are a thrifty people; yet our public expenses have risen very greatly and are not inclined to lessen. Our budget estimates for 1882 were 1,272,000,000 lire; they are now somewhat over 2,000,000,000.\* On the whole, in these 30 years, taxation has been diminished, notably such as bears on the prime necessities of life.

“An encouraging proof of progressive prosperity is the fact that 700 odd millions of increase in budget receipts far overleaps the increase of population during this period. It is so solid a fact that even in lean years, when pressing needs fathered hasty public debts, and the depreciation of the currency fell to 16 below par, and the bullion resources of the State banks did not exceed 10 per cent. of the circulation, nevertheless, rentes (Italian Consols) were quoted at 88 in paper, while paying 4 per cent. net. The State banks have now a minimum gold reserve of over 50 per cent. of their circulation in notes: rentes are over 103 and do not net  $3\frac{1}{2}$  per cent. We consider ourselves very hardly treated just now with the exchange against us at four per 1,000, since, of late years, we have had the gold point in our favour, and our paper has been at a slight premium. In these days of enormous expenses and enormous indebtedness, the Italian budget, with its increasing

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\* This was in 1911.



receipts, its invariable surpluses, is considered by statesmen and economists one of the most solid in Europe. How has this been brought about? Our people have worked hard, lived rather closely and saved money; they have brought back nearly all our stocks that were in foreign hands (something like a billion dollars' worth) besides putting aside other savings. Capital has increased; post office savings banks, which in 1882 had deposits of 59,000,000 lire, now hold over 1,600,000,000; the 740,000,000 in the private savings bank are now 2,460,000,000; the deposits in banks of various kinds have swollen from 858,000,000 to 2,372,000,000. These seem small amounts to countries that calculate in billions of dollars, but they are satisfactory for poor people, and they are trustworthy, being culled from the statement made to Parliament last December by our Minister of the Treasury, Signor Tedesco.

“But if money has been saved more rapidly and wealth has accumulated in a satisfactory manner, it is because industry in all its branches, agricultural, textile and mechanical, has grown rapidly both in quantity and quality.

“In 1882, 2,500,000 tons of coal was sufficient for our boilers; now we require over 9,000,000, besides 500,000 horse power of water. In our textile production, mainly cotton cloth and fancy materials, we produce more than Belgium, and not only support our home market almost entirely, but export a considerable amount. Thus, the mixed fancy goods of Pisa have such a reputation as to be completely monopolized by the London market. This is not altogether an isolated

example, for the black silks of Como, the umbrella silks and the brocades, are taken up exclusively by the big English houses.

“The manufacture and use of artificial manure, once almost unheard of, have become familiar in all parts of the land, to fertilize fruit, corn and pasture. As a result we have doubled our head of cattle, and our wheat crop from 42,000,000 hectolitres has crept up to 57,000,000 . . . . .

“Notwithstanding our heavier crops, our import of wheat increases yearly, and surplus population does not account for it. There is a more satisfactory reason ; our people eat more bread, drink more wine, consume more animal food, than in the past, decreasing, or stamping out, pellagra, malaria and other terrible ills due to insufficient nourishment of the human body.

\* \* \* \* \*

“As everywhere else, the country people, thirsty for bigger gains, greater comforts and more sense-satisfying amusements, crowd into the towns—a questionable benefit. Our principal cities have doubled their population, increased their areas, widened their streets and let in more air and light. All have to deal with the special difficulties attendant on old towns, vested secular interests and historical association. In following modern lights our birthright is not the least of our encumbrances.

“Rome, for instance, grows at an alarming rate, and under Italian rule it has tripled its population. In 1882 it had to double its available building area. This has all been covered and now has been doubled again, leaving a presumptive margin for 25 years’ growth.

\* \* \* \* \*

“ Were proof required of Italy’s economic vigour it is patent to all.

“ From our ironclads to our fruit and flower culture, from our textile stuffs to our artistic furniture and earthenware, from our food stuffs to our motor cars, the whole world can witness an industrial renaissance which, if yet in its infancy, gives an earnest of a vigorous future.”

If more proof still were wanted of Italy’s development it can be found in the lately published report for the year 1912 of the foreign trade of Italy. The report says:—

“ Italy’s general trade has increased in 1912 by over 16,000,000. Imports increased by over 6 per cent., and exports by about 9 per cent.”

Signor Nathan does not touch on another great source of Italy’s increased prosperity—her vast emigration and the wealth that flows in from abroad as a result. At the end of October, 1912, the deposits in the Post Office savings bank amounted to £75,260,210, while £103,160,000 was deposited in private banks. Of these sums 9½ per cent. represented deposits in the Colonies and remittances from emigrants.

Another excellent and comprehensive sketch of Italian progress, in figures, is written by Mr. F. M. Underwood, and forms a chapter of his book “ United Italy ” (1912). The author has lived for years in the country and made a study of the people and the economic conditions. It is too long to give in its entirety but some extracts from it will not be amiss. The MS of the book was read and approved by Cav. Salvatore Cortesi.

“The present riches of Italy” says Mr. Underwood, “amount to over 3,000,000,000 lire yearly, producing almost 600,000,000 lire yearly, with an average income of 80 lire for each inhabitant, which is about double what it was 50 years ago; the value of industry and commerce has also nearly doubled, while that of real estate has quadrupled and the income from the latter has risen to six times what it was. Mines which 20 years ago yielded a profit of 2,000,000 lire now give about 6,000,000 lire; metal works, in the same period, have risen from 9,000,000 lire to nearly 15,000,000 lire, and chemical industries have tripled. The progress of Italian commerce is not less encouraging: the 57 steamers comprising her mercantile marine 50 years ago have become 650; in 1890 the tonnage of Italian merchant ships was 186,000, while now it surpasses 600,000; in 1890 the merchandise transported by Italian merchant ships amounted to 5,000,000 tons, and that transported by foreign ships from Italian ports to 6,300,000 tons, while now they are respectively about 10,000,000 and 8,000,000, Genoa alone having a yearly traffic of over 7,000,000 tons of merchandise, loaded and unloaded in her port, out of the nearly 100,000,000 of traffic in the whole of Italy.

“When the kingdom of the Two Sicilies was taken by Garibaldi there were only 77 miles of railways, or less than one mile for every 100,000 inhabitants. The 1,125 miles of railways which existed in the Peninsula in 1860—the greater part being in Piedmont—have now become 10,625 miles, with the addition of 3,125 miles of trams, either electric or steam, and 1,900 miles of

services by motors, while the ordinary roads have grown from 30,000 to 90,000. The telegraphic lines, which were 5,000 miles, have now increased to 35,000 besides cables and wireless stations of the Marconi system which put the Italian coast in touch with all the stations in the Mediterranean, with those which Italy has in Tripoli, Cyrenaica, Erythsea and Somaliland, and with those in Ireland and Canada.

“The development of the economic life of the country is shown by the postal service, which fifteen years ago brought in 640,000 lire, while it now brings a sum approaching 5,000,000 lire; the telegraphs from 120,000 lire now yield nearly 1,000,000, and the telephones, which did not then exist, bring in 500,000 lire.

“The commercial companies, Italian or foreign, which 50 years ago numbered less than 400, with a capital of 54,000,000 lire are now about 2,300 with a capital of 185,000,000 lire, besides enterprises whose capital, not ascertained by law, is calculated at 40,000,000 lire, and over 4,500 co-operative societies in almost all fields, having a capital of about 16,000,000 lire.”

## FINANCE.

The present satisfactory position is largely due to the genius of Mr. Luzzatti, whose fiscal and financial policy has contributed more towards the present prosperity of Italy than all the conquests and aspirations of past years. He was followed in office by shrewd and capable individuals, and in the present Ministers of Finance and



Treasury, Italy has once more secured two brilliant and sound men.

On May 20th, 1913, the *Westminster Gazette* published an important article on Italian finance and the general stability of the Government. After a general survey of the various periods of financial turmoil, the writer describes how Mr. Luzzatti in 1906, aided by the small investors, converted the Rendita from 5 per cent. gross to  $3\frac{3}{4}$  per cent., and automatically to  $3\frac{1}{2}$  per cent. in 1912. He says:—

“Finance Ministers have had during the last seven years a task of comparative ease, aided by the tide of activity and development which is ever bringing greater riches to the country. Italy, so far from being arrested in her progress by a war which cost 458,000,000 francs, seems to have derived from it new energy. The gold reserve increased by 65,000,000 francs; the principal revenues were about 2,000,000,000 francs, showing an increase of 79,000,000 francs over the previous year. The surplus of 60,000,000 francs has never been so large, in spite of vastly increased outgoings due to the army and navy, the African Colonies, public instruction, social reforms and railways, added to heavy prepayments, the China missions indemnity, and the Apulian aqueduct. It cannot be denied that the vast expenses which are accompanying the pacification of the Tripoletaine do not bid fair to necessitate an increase of the National Debt in the near future. During the war, however, no loan was asked for. The 180,000,000 francs of Treasury bills issued for that purpose remained untouched, and the 155,000,000 francs which the banks of Italy, Sicily and



Naples were ready to lend to the Government at  $1\frac{1}{2}$  per cent. were not drawn upon. In June, 1912, when certain foreign editors were musing over frigid answers to Italy's prophesied knock at their doors for money, this country had in reality at its disposal 435,000,000 francs. The Treasury now enjoys a surplus of about 10,000,000 francs in place of its old deficits of 4,000,000 or 5,000,000 francs.

"The returns of the banks of Italy, Sicily and Naples, as also those of the savings banks, show the highest they have as yet attained; the principal private bank returns are equally satisfactory, and particularly those of the Banca Commerciale, which, among other increases over last year (the most prosperous up till then), has one of more than 24,000,000 francs in deposit accounts alone. Saving has indeed become a habit with the people, and increased means of wealth-production procure them the money to put away. The total thus stored, which in 1872 was reckoned at 465,359,928 francs, has increased regularly and gradually to 5,508,964,476 francs, which means that the average savings per inhabitant of 17.26 francs have now grown to 153.60 francs. In the two and a half years between December, 1908, and June, 1911, there was an increase of 1,206,000,000 francs, equal to 21 per cent., or 40,000,000 francs per month."

The culminating point of all these signs of national prosperity is Signor Tedesco's financial statement made in the Chamber on December 20th, 1913, when, as Minister of the Treasury, he announced the figures of the largest budget balance yet recorded.

After referring to the growth of public expenditure

which he said was a phenomenon common to all the great States, he said that the last financial year ended on June 30th with a surplus of over 100,000,000 lire (£4,000,000).

For the present financial year, after making allowance for both ordinary and extraordinary expenditure, and an item of 36,000,000 lire (£1,440,000) for Libya, he anticipated a surplus of 35,000,000 lire (£1,400,000) and he was confident that the national growth of the revenue, of which he had made a cautious estimate, would bring the actual surplus considerably above that figure.

He estimated that the budget for 1914-1915 would show a surplus of 23,500,000 lire (£940,000) taking into account an expenditure of 45,000,000 lire (£1,800,000) in the development of the public services and the growth of expenditure involved in legislation.

In the first eleven months of 1913 exports showed an increase of 44,000,000 lire (£1,760,000) and there was an increase of 2,500,000 tons in the tonnage cleared and 100,000 more travellers had visited Italy.

Railway receipts had gone up and the steadiness of the high price of the  $3\frac{1}{2}$  per cent. consolidated stock was another satisfactory feature. There had also been a steady improvement in the position of the three issue banks.

In spite of the fact that the expenditure of the country had grown by 771,000,000 lire (£30,840,000) the increase had been more than met out of revenue.

Passing on to the question of naval expenditure, Signor Tedesco announced that the Government intended to fulfil the promises already made. The ordinary outlay

on construction would be increased by 10,000,000 lire annually, so that by the year 1917-1918 a total of 120,000,000 lire (£4,800,000) would be reached. With regard to the army, the residue of the extraordinary funds already voted by Parliament would be available during the next three years for the increase of the aerial fleet and for strengthening the land and sea frontiers.

## BANKING.

There is probably no bank in Italy from the Banca Commerciale and the Bancadi Roma, with their £8,000,000 and £9,000,000 sterling capital, down to the small Credito Provinciale, with its £400,000 capital, whose functions could be compared to those of any of our joint stock banks. In Italy a bank does not only transact strict banking business, but also becomes the backbone and help of established and new industries. The banks are the principal underwriters for new industrial ventures, and it is through their medium that debentures and shares are floated upon the public market.

The financial position of Italian banks at the present moment compares somewhat with the position of our underwriters in England. Just now they hold a considerable amount of shares and stocks in high-class securities and commercial undertakings which the disturbed state of the market does not permit them to unload on the general public. Practically their resources are strained to the utmost, owing to the crisis brought

about by the Balkan war, and it requires no great penetration or understanding to grasp the importance of an Anglo-Italian combine entering the lists of financial enterprise at the present moment.

It is a strange fact that the whole of the banking business that is carried on between Italy and England should be left in the hands of a few Italian banks in which British capital is unrepresented.

The mere banking profits between England and Italy, arising from the movement of capital through the importation of coal, iron, &c., and the great extent of English shipping, centring in or touching Italian ports, amount to such a considerable sum as would compensate an English banking enterprise which would develop this particular branch.

Correspondence on the subject in the *Financial News* evoked the following trenchant remarks in the issue of March 4th, 1913 :—

“Quite recently two of the large Italian banks opened offices in London and are generally reported to be very satisfied with their venture. Why, then, should not an English bank be floated to specialise in the interchange of trade between the two countries, and to further their financial relationship? Judging from the success of the Italian banks over here, such a venture would appear to have good prospects. The writer of the letter in Friday’s issue makes a strong case for the prospects of British finance in Italy if properly backed, and yet the question of such an Anglo-Italian bank is not even mooted in the City.

“According to the governing school of economics, this country was never so prosperous. Presumably, therefore, if they are right, we are piling up fresh capital as fast as we can go, and yet the truth of the matter is that capital is very tight. In short, the principal reasons for the lack of banking extension by us abroad is partly a certain slackness of enterprise, but, in addition, owing to the many inroads which capital has sustained of late, England is no longer able to meet with equanimity and an open pocket all the demands that are being made upon her, with the regrettable consequence that she is not expanding her influence in many spheres where there is undoubtedly a good field.”

Italy has signified her intention of welcoming an Anglo-Italian banking enterprise with open arms, but it is necessary to warn responsible financiers not to rush into Italian banking unless efficiently represented and supported by an adequate combined English and Italian capital. A bank with a small paid-up capital, run on English lines, is not likely to gain the confidence either of Italian financial houses or of the general public, and will have little chance to compete effectively with potent Italian and German banks of £4,000,000 to £9,000,000 sterling capital. An Anglo-Italian bank must be placed under the protection of the Italian Government, and have the approval of the Bank of Italy, in order to be admitted to the “Syndicate of Banks” issues, and acquire the necessary local standing, for which purpose the board should include the names of high representative Italian financiers.



It is to be hoped that the initiative in the founding of an Anglo-Italian bank or financial corporation will not be left to the French, but that English finance will grasp the opportunity which circumstances offer.

## RAILWAYS.

One of the most important factors of the rapid commercial development of a country is extensive and rapid railway communication. We will now glance over the progress which Italy has made in railway construction during the last ten years and compare the incomes derived from railway traffic during the years 1904-1905 to 1911-1912.

### GROSS INCOME OF ITALIAN RAILWAYS, EXCLUDING INDIRECT INCOME.

Years.		Lire.	Years.		Lire.
1904-5	....	348,591,372	1908-9	....	450,837,761
1905-6	....	384,422,201	1909-10	....	481,245,190
1906-7	....	408,390,129	1910-11	....	498,952,027
1907-8	....	434,017,892	1911-12	....	534,366,363

Analysing these figures, we cannot help being amazed at the rapidity of the extension of Italian railway enterprise and the great success which has attended it. In 1905 the gross income was 348,591,372 lire; in 1912 this income had increased to 534,366,363 lire. On 1st September, 1912, Italy owned about 13,680 kilometres of railways, not including privately owned lines just



opened or about to be opened to traffic. In 1912 the average income was 39,061 lire (£1,562) per kilometre. From this we clearly see that the rate of progress during the last ten years presents a steady medium increase of  $7\frac{1}{2}$  per cent. per annum—a figure unsurpassed by any country in Europe, and equalling for rapid and continuous development both the Argentine and Brazil.

Italy's railway policy is sound and conducted without undue officialism. The Government itself has constructed and is constructing on its own account, a huge network of new lines and is doubling existing tracks. It is only too ready to share the responsibility of construction with private capital, and foreign capital has amply availed itself of this opportunity.

English capital financing foreign railway enterprise, has hitherto gleefully shipped its millions of pounds across the ocean to the Argentine and to Brazil, but, in its eagerness to open its purse-strings to South America, it has entirely forgotten to watch the important economic and political developments nearer home, and more especially in Italy. Not so France, Germany and Belgium. These countries, undisturbed by the competition of English finance, have tranquilly pursued their financial policy in Italy, and more especially in railway and tramway enterprise, and now are reaping rich harvests from this prudence and foresight.

Care must be taken to distinguish between first-class and secondary lines, but if such elementary care be exercised Italian railway construction presents a sounder and safer investment for English capital than even the English railways themselves with their constant anxiety

about labour troubles, the price of coal, and threats of general strikes.

## IRON.

The production of iron ore in Italy is not equal to the demand, and it is difficult to say where a future adequate supply is to come from.

The Government has protected the industry by an import duty on raw material, of as high a nature as the constant need for the importation of iron ore allows, but the immediate requirements of the country exclude such a protective tariff as would effectually bar Germany, Belgium and England, from competing in the Italian market.

The existing Italian factories turning out pipes and tubes cannot grapple with more than the ordinary home consumption of about 50,000 tons per annum, and it will be readily seen that the carrying out of so large a contract as that of 105,000 tons of pipes and tubes for the building of the new Government aqueduct will give work to the factories for the next two and a half years, without taking into account the annual requirements of the country.

An English company, competently administered and benefiting by the past errors of inefficient management, entering the field with fresh capital, unmortgaged by past failures, would soon gain a firm footing in one of the finest staple industries of Italy, or a deal could be arranged to allow of the English control of a big Italian company on very advantageous terms for the new capital.

## COTTON.

There are about 5,000,000 looms in existence in Italy and the industry was doing exceptionally well until overtaken by the crisis caused by international wars, which closed important outlets for the finished article. Already the cloud is passing away and a serious reconstruction of the most important and up-to-date factories, some of them owning even 4,000 to 5,000 horse power, could be profitably arranged. A grouping together of the best looms that Italy can boast of should be one of the first enterprises of a thoroughly efficient English group.

The Consular Trade Report for 1913 says:—

“The increased importation in this class (cotton) falls chiefly under the head of raw cotton from the United States. This is a clear indication that the Italian cotton mills must have been kept exceptionally busy during 1912. The local demand for cotton yarns is increasing daily, and Italy’s export trade is very active.”

In the last 30 years the increase has been fifteen-fold.

## ELECTRICITY AND WATER.

Italy is far ahead of England in all matters connected with electricity, which is not surprising when we remember that it produced Volta, Marconi and other great pioneers of this science; her electrical engineers are among the foremost in the world, especially in their skill in applying electricity to commercial use. There is a perfect network of electric trams and electric light

railways all over the country. Milan was the first town in Europe to light itself with electricity.

The use of electric power has increased fivefold since 1900; of steam and gas power between 1899 and 1904, threefold. The Edison Company has a large generating station at Paderno—American financiers have long since been aware of the big field offered by Italy to electrical enterprise.

Italy possesses an inestimable source of income in her many waterfalls, which are being largely used for the production of power. In 1898 Italy owned electrical energy to 118,000 horse power. Ten years later, at the end of 1908, the total horse power at the disposal of the Italian industries had risen to 510,000 kilowatts, of which 204,000 horse power were generated by coal, and 490,000 horse power came from hydro-electric plant, making a total at the end of 1908 of 694,000 horse power, showing more than 500 per cent. increase during the preceding ten years. At the beginning of 1909 new plant had been laid down for another 130,000 horse power, and the total at the disposal of the Italian industries in 1911-12 was over 1,000,000 horse power.

The consequence of this strenuous development of electrical energy can scarcely be over-estimated. It has enabled the Italian Government to electrify considerable portions of the railway system, and before ten years are over we shall find the Italian railways largely run by that means. The State itself is one of the largest consumers of electricity, and guarantees invested capital a sure and continuous source of income.

“All the electric plant for home use, except some

dynamos, is made in Italy. The works founded by the late Signor Tosi, at Legnano, send boilers and engines, especially for electrical transmission, practically all over the world. The Pirelli works at Milan rank among the four or five largest in existence for the supply of electric plant, manufacturing over £500,000 worth a year and exporting largely to England and elsewhere. Both these firms won gold medals at Paris, and the judges spoke of the Tosi works as ranking among the first engineering shops of Europe. An American Company is starting a factory at Milan to supply material for electric traction.”\*

A most important factor in the industrial progress of Italy is the use of water power instead of coal. Hydraulic power is used to the extent of nearly 2,000,000 horse power. Italy has practically no coal, but to partly compensate her for the want of it she has great commercial wealth in her rivers and waterfalls.

There is also a vast development in the building of waterworks. One of the most vivid questions affecting the progress of Italy is this very supply of water and assured and large profits are in store for any company which will take in hand good water concessions in Italy. The Italian Government is building at the present time the largest aqueduct in the world. £5,000,000 sterling was voted some years ago for this aqueduct, and now its construction is well advanced and has arrived at the point where the ordering of 105,000 tons of pipes and tubes for the work† has become a necessity.

The distress in Genoa, caused by the want of water

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\* “Italy To-day.”—*King and Okey*.

† See “Iron,” page 18.



in dry summers has been very acute for the last 20 years, the amount of water available being totally inadequate to meet the pressing demands of the present population without regard to its future increase, and, what is more, the quality of the water left much to be desired. The problem, however, has now been solved by the Genoa and District Water Works Company, Limited. Seldom has a water company started business under more encouraging auspices, and English capital has displayed prudence and foresight in agreeing to finance the company.

### **MUNICIPAL CONCESSIONS, LOANS, &c.**

It is by no means true that the handling of business with the Italian Government is unsatisfactory or more difficult than in any other country.

The serious question which has hampered capital up to now has been the existence of what is known in Italy as the "Mediatore," meaning an intermediary agent, acting between the group and the Government or financial group. A great many of the agents, representing themselves as authorised to treat for certain business or concessions or loans, have no authority whatever. And it is this very fact which has hitherto made the handling of Italian projects in London a rather difficult and unsatisfactory problem.

French and German business firms and banks have their recognised agents, who go straight to the fountain-head; and who do not find it difficult to establish a sound business basis for propositions put before the Italian governing bodies.

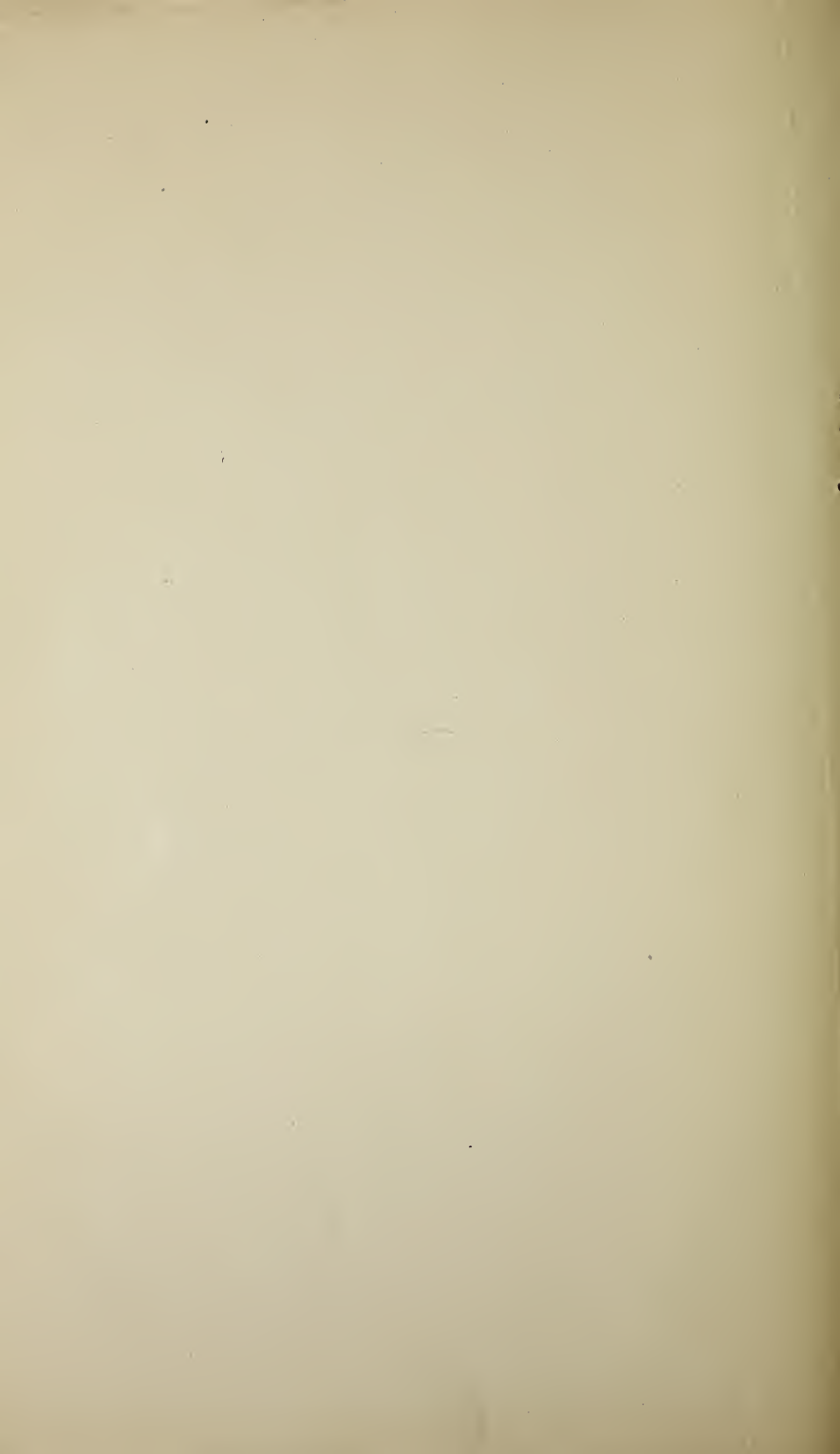


## CONCLUSION.

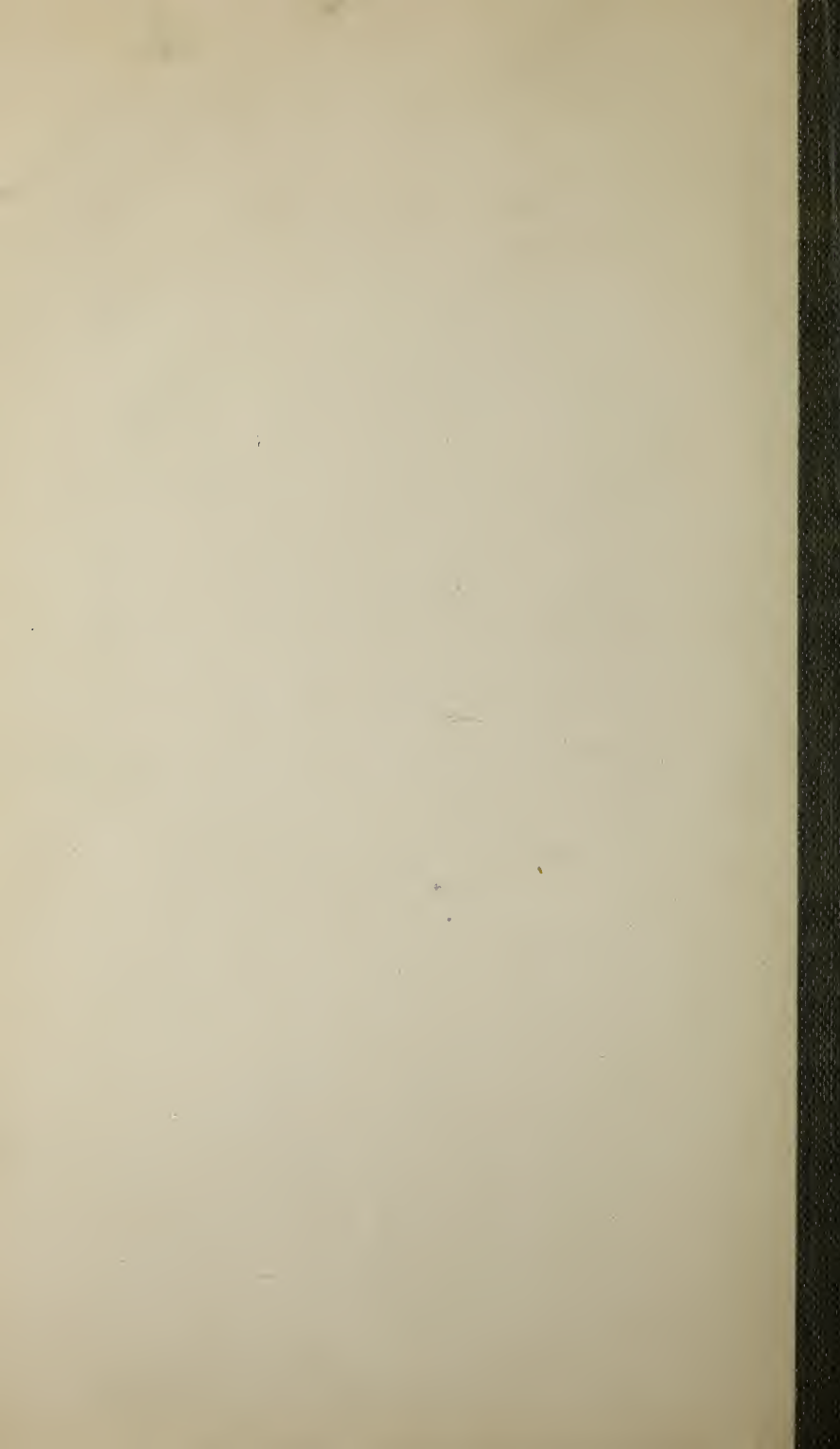
In the industrial market English finance at the present moment can gain a preponderating and controlling influence in cotton, iron, shipbuilding, water and hydro-electric enterprises of Italy. French capital is at present building the Neapolitan Underground as well as the whole of the new network of Sicilian railways. Germany and Belgium are largely interested in the electrification of the Italian State railways. French capital is at the back of most of the powerful tramway combines and municipal concessions for gas and electric light, but English capital is only to be seen in very isolated instances.

The political friendship between Italy and England has withstood the test for many years. In the past English influence and capital have been helpful to some extent to Italy, and there is no reason why their financial relationship should not expand once more and further cement a political friendship of long standing.

Exceptional circumstances governing the money market, the great revival in industrials, and the tightness of money in general are the principal factors which have led up to a new opportunity for English finance to throw a tentacle into Italy and compete triumphantly with Germany and France, not so much for the dominion of the Italian market, but for the place due to it and forfeited only through mere inertia, and perhaps for the want of a reliable medium for negotiating with Italian finance in general and municipalities and governments in particular.









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